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# Message Text

SECRET

PAGE 01 KUWAIT 06085 270906Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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O 270835Z OCT 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC IMMEDIATE 9343
DEPT OF TREASURY WASHDC IMMEDIATE
INFO AMEMBASSY CAIRO IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE
AMEMBASSY TEHRAN IMMEDIATE

S E C R E T KUWAIT 6085

EXDIS

TEHRAN FOR SECRETARY BLUMENTHAL'S PARTY

E.O. 11652: GDS
TAGS: OVIP (BLUMENTHAL, W. MICHAEL)
SUBJECT: VISIT OF TREASURY SECRETARY BLUMENTHAL TO KUWAIT: GODE AND AID TO EGYPT

1. BECAUSE THEIR DISCUSSION OF OTHER TOPICS (REPORTED SEPARATELY) HAD CONSUMED TIME ALLOTTED BY SCHEDULE FOR THEIR REGULAR MEETING, TREASURY SECRETARY BLUMENTHAL AND KUWAIT FINANCE MINISTER ATEEQY DECIDED TO DISCUSS QUESTION OF AID TO EGYPT LATER AT LUNCHEON. CONVERSATION AT LUNCHEON TABLE, IN WHICH AMBASSADOR, UNDER SECRETARY SOLOMON AND MINFIN UNDERSECRETARY SHAIKH ALI KHALIFAH AL-SABAH PARTICIPATED, WAS UNSTRUCTURED, BUT TOUCHED ON PROBLEMS OF EFFICIENT UTILIZATION OF FINANCIAL ASSISTANCE BEING PROVIDED EGYPT BY GODE WITH REFERENCE BOTH TO BALANCE OF PAYMENTS AND PROJECT AID.

2. SECRETARY BLUMENTHAL STRESSED CONTINUING IMPORTANCE OF PROVIDING ECONOMIC ASSISTANCE TO EGYPT AND
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CONVEYED TO MINISTER AL-ATEEQY HIS FAVORABLE IMPRESSION OF HIS CONVERSATIONS WITH PRES. SADAT, AND PRIME MINISTER AND DEPPRIMIN KAISSOUMI AND HIS ECONOMIC AIDES. AL-ATEEQY AGREED THAT TOP LEVEL ECONOMIC DIRECTION IN EGYPT HAD IMPROVED, BUT COMPLAINED OF RESISTANCE OF BUREAUCRACY TO ECONOMIC AHANGE WAS STILL FORMIDABLE. HE CITED NEED FOR VIABLE PROJECTS TO WHICH GODE COULD

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CONTRIBUTE IN ORDER TO SUPPORT LONGER TERMS DEVELOPMENT OF EGYPT'S ECONOMY. HE BELIEVED THAT A MECHANISM TO PROVIDE FULLY DEVELOPED FEASIBILITY STUDIES SHOULD BE DEVELOPED, SO THAT PROMISING PROJECTS COULD ATTRACT AMERICAN AND WESTERN TECHNOLOGY TOGETHER WITH GODE FINANCING AND, OF COURSE, GOE PARTICIPATION. AMBASSADOR NOTED THAT THESE TRIANGULAR PROJECTS HAD BEEN VERY DIFFICULT TO ARRANGE IN THE PAST.

3. SHAIKH ALI KHALIFAH THOUGHT THAT INSTITUIONAL CHANGES NEEDED TO BE MADE ON ECONOMIC SIDE OF GOVERNMENT TO PERMIT ESTABLISHMENT OF AUTONOMOUS INVESTMENT AUTHORITY WHICH COULD WORK DIRECTLY WITH GODE AND US AID TO BYPASS TRADITIONAL GOE BUREAUCRACY. BLUMENTHAL AND SOLOMON SAW MERIT IN THE IDEA, BUT RAISED QUESTION THAT ITS POLITICAL ACCEPTABILITY WITHIN THE EGYPTIAN GOVERNMENT. AMBASSADOR RECALLED FROM HIS EXPERIENCE IN CAIRO THAT A SIMILAR EFFORT HAD SHATTERED ON THE ROCKS OF POWERFUL MINISTERIAL AND AGENCY OPPOSITION, WHO SAW THIS AS AN INVASION OF THEIR POWER COMPLEXES.

4. SECRETARY THOUGHT IT IMPORTANT - AND MINISTER AL-ATEEQY AGREED - THAT CLOSER CONSULTATION AND COOPERATION BETWEEN GODE AND USG SHOULD BE DEVELOPED SO THAT THE AID PROVIDED BY BOTH SHOULD HAVE MAXIMUM EFFECT IN SUPPORTING THE EGYPTIAN ECONOMY, BOTHIN ITS BALANCE OF PAYMENTS

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AND DEVELOPMENT ASPECTS. IT WAS DECIDED TO EXAMINE THIS POSSIBILITY CLOSELY AND TO FOLLOW IT UP FURTHER.

5. COMMENT: FOREGOING ACCOUNT OF LUNCHEON CONVERSATION HAS NOT BEEN CLEARED BY SECRETARY AND IS SUBJECT TO HIS REVISIONS. BECAUSE OF VARIETY OF INTERRUPTIONS, AMBASSADOR IS NOT CERTAIN THAT THIS IS BY ANY MEANS A COMPLETE RENDITION OF THE DISCUSSION, BUT HIS IMPRESSIONS ARE SUBMITTED AS A CONTRIBUTION TO THOSE OF SECRETARIES BLUMENTHAL AND SOLOMON.
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# Message Attributes

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**To:** STATE TRSY
**Type:** TE
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**Review Markings:**
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Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009